



**To:** Loudoun Elected Officials  
**From:** Rep. Frank Wolf  
**Date:** December 22, 2011  
**Re:** Dulles Greenway Information

*FW*

As you know, I have long been a vocal critic of the ever increasing tolls on Dulles Greenway. I want to take this opportunity to share with you some of my statements and letters voicing concern as well as some background information on the Greenway, including a brief history of the road, how it was funded and how the toll rates are governed. The information is drawn from public documents, including testimony from the Virginia Auditor of Public Accounts before the Joint Committee on Transportation Accountability, the Dulles Greenway Fall 2011 Newsletter, and an article from Toll Road News.

### **History of the Dulles Greenway**

The Dulles Greenway opened to traffic in 1995 with a 42.5 year lease with Virginia that has since been revised for an additional 20 years, to 2056. The original backers of the Greenway included the Toll Road Investors Partnership (TRIP II), the Municipal Development Corp, Parson Brinckerhoff and the Shenandoah Greenway Corp. The Municipal Development Corp. worked with Governor Gerald Baliles on legislation authorizing the Greenway. Former State Senator Charlie Waddell shepherded legislation, the current Virginia Highway Corporation Act of 1988, through the General Assembly. For additional information on the original Greenway ownership, please see the attached documents from the Virginia Auditor of Public Accounts (attachment 1) and the Toll Road News article (attachment 2).

### **Purchase by Macquarie Group**

In 2005, Macquarie, an Australian-based company, purchased TRIP II for \$617 million. This money was used to purchase enough shares to have a controlling stake in TRIP II. For additional information on Macquarie's purchase of the Greenway, please see attachment 1.

### **Limitations of State Corporation Commission (SCC)**

The SCC has stated that it really has no way of preventing toll increase applications. The statement accompanying the 2007 ruling stated, "The Commonwealth made a series of policy decision [the 1988 law] that leave us little choice but to make the decision we make in this case." The 1988 law does not include enough consumer protections, so essentially, as long as the Greenway submits a proper application, the SCC cannot prevent toll increases.

### **Greenway Advisory Committee**

In 2010, I asked the Virginia Department of Transportation (VDOT) (attachment 3) to establish a committee to examine multiple aspects of the Dulles Greenway. VDOT agreed to a form of the advisory committee in 2011. Originally, I wanted the panel to serve as a way to get Loudoun

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citizens face-to-face with Greenway officials and local/state elected officials to discuss distance pricing and the effect the road has on their daily lives (attachment 4). While it agreed to set up the advisory committee, VDOT did not invite elected officials to serve and strictly forbid discussion of distance pricing (attachment 5). Based on the instructions from VDOT, the purpose of the Greenway committee is to find ways to make the road more user-friendly. The committee has focused on installing signs that inform drivers what the toll will be before they commit to entering the Greenway. During the several meetings of the advisory committee, the Greenway officials participating have actively tried to prevent improvements to the road. Greenway officials shouldn't have a say over the content of signs if they are not paying for them and none of them will go on property it owns (attachment 6).

### **Distance Pricing Study and Bond Authority**

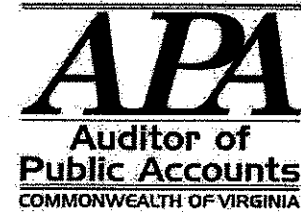
During advisory committee discussions, Greenway officials have refused to pay for a distance-based pricing study, indicating that its bond insurer won't allow expenditures on anything that won't increase revenues. If true, how do campaign contributions and lobbyist Whit Clement increase revenue? Greenway officials say they are "constantly under attack." By whom, exactly? The complaints I receive are from users of the road and residents stuck in runoff traffic on other roads. Why is this company allowed to operate road with almost no consumer protections? With current and future tolls, drivers could spend the equivalent of a car payment on Greenway tolls.

### **Recent Toll Increases**

The toll application approved by the SCC in 2007 allowed several increases over five years. Beginning on January 1, 2012, the maximum base toll will increase from \$3.70 to \$4 and the peak toll on weekdays will increase from \$4.50 to \$4.80. In addition to the outrageous tolls, I continue to be frustrated that there are no signs notifying drivers of what the Greenway tolls will be prior to entering the road. Why should users have to go to a Web site to see what the toll rates will be? At the very least, signs should be posted that clearly informs drivers what the toll rate will be before they commit to entering the Greenway. My desire for more transparency on Greenway toll rates led to the establishment of the Greenway Advisory Committee.

### **Impact of High Greenway Tolls on Other Roads**

Safety is of critical importance in a region with some of the nation's worst traffic congestion. The tolls on the Greenway make local roads more congested and less safe. Greenway tolls cause runoff onto other roads, including Waxpool Road, Loudoun County Parkway and Route 28. Route 7, another primary diversion road, is already a Grade F route for congestion and cannot handle any more traffic. Trucks will divert onto these local roads to avoid tolls. I have talked to local companies such as Luck Stone in Loudoun County that say drivers hauling its products will not use the Greenway. Trucks using local roads are a clear safety hazard. Would you want your kids playing in a neighborhood used by huge trucks avoiding Greenway tolls? Trucks also cause wear and tear on local roads, leading to increased maintenance costs for VDOT, all at the taxpayer's expense. People of Loudoun deserve to have their voices heard and the Commonwealth has a duty and obligation to advocate for these residents.



## Dulles Greenway

### *History*

The Dulles Greenway is a 14-mile, limited-access highway extending from the State-owned Dulles Toll Road, which carries traffic between Washington's Capital Beltway and Dulles Airport, to Leesburg. The two roads connect at a toll plaza. Drivers pay one toll, which the operators of the two facilities divide. Vehicles equipped with prepaid electronic tags may drive through "Fastoll" lanes without having to stop at a toll booth since the toll machine reads their tags and debits their accounts automatically.

The Greenway is a real toll Design Build and Finance Operate (DBFO) project, with operational responsibilities reverting to the Commonwealth of Virginia after 42.5 years. The developers receive the profits (assuming that the market eventually provides profits) for a long enough period to recoup their investment. Virginia's State Corporation Commission limits the rate of return on the project to 18 percent, but profits appear unlikely to approach that level anytime soon.

To finance the Greenway, Toll Road Investors Partnership II, L.P. (TRIP II) put up \$40 million in equity, and secured \$310 million in privately placed taxable debt. Ten institutional investors led by CIGNA Investments, Prudential Power Funding Associates, and John Hancock Mutual Life Insurance Company provided \$258 million in long-term, fixed-rate notes (due in 2022 and 2026). Three banks (Barclays, NationsBank, and Deutsche Bank AG) agreed to provide part of the construction funding and \$40 million in revolving credit. Repayment of loans will come from toll revenues, and the financing security is a first mortgage and security interest in the developer's right, title, and interest in the facility.

When the Greenway opened to traffic in September 1995, tolls were \$1.75 each way, but when traffic fell short of projected levels, there was a toll reduction to \$1.00. This reduction attracted more users but did not increase revenues. In July 1997, tolls increased again to \$1.15 and the Virginia General Assembly allowed the speed limit on the facility to increase from 55 to 65 miles per hour.

Still facing financial challenges, TRIP II restructured its debt in 1999 and agreed to an extension of the project. In 2001 the Virginia State Corporation Commission extended TRIP II's concession period for an additional 20 years to 2056. A toll increase in September 2004 also featured varied peak and discounted off-peak point-to-point rates.

In August 2005 Macquarie Infrastructure Group (MIG) agreed to purchase TRIP II for \$617.5 million. This purchase included a payment of \$84.5 million to Kellogg Brown & Root

for its 13.3% share of the company, and \$535 million to the Shenandoah Group, the family held company that had bought out Autostrade's former 30% share to hold 86.5% of TRIPP II's stock.

In September 2007, the State Corporation Commission approved with some modification TRIP II's new toll rates on the Greenway, proposing variably priced tolls with ceilings of \$4.00, \$4.50 and \$4.80 during peak weekday periods in the peak direction in 2009, 2010 and 2012, respectively. Macquarie is also contemplating widening the facility to as many as 12 travel lanes.

### ***Comprehensive Agreement***

There is a Comprehensive Agreement between the Virginia Department of Transportation and the TRIP II for the design-engineering, construction, operations, maintenance and expansion of the Dulles Toll Road Extension otherwise known as the Dulles Greenway. The agreement documents the Commonwealth's interest in this project and the oversight anticipated by the Virginia Department of Transportation.

### ***Enabling Legislation***

The Virginia Highway Corporation Act of 1988 is legislation under which TRIP II financed and constructed the Dulles Greenway project. The Virginia Highway Corporation Act vests the oversight of a project operator in the State Corporation Commission which has the powers for toll setting and other review and approval of certain financial transactions. The Act also provides that the Commonwealth shall not obligate its full faith and credit on any project financing. Assumption of operation of the project shall not obligate the Commonwealth to pay any obligation whether secured or otherwise, from sources other than toll revenue.

### ***Greenway Financing***

Under the original financing agreement, TRIP II put up \$40 million in equity, and secured \$310 million in privately placed taxable debt of which \$258 million was in long-term, fixed-rate notes due in 2022 and 2026. Loan security was a first mortgage and security interest in the developer's right, title, and interest in the facility.

In 1999, TRIP II did a refinancing which involved bonds that replaced all other outstanding agreements. The bond issue was \$332 million in AAA Bonds insured by MBIA and included:

- \$35 million of current pay interest only bonds
- \$297 million zero coupon bonds maturing in 2003, 2005 with blended interest rate of approximately 7%

Macquarie financed its investment in TRIP II through the placement of private stock in Australia. Macquarie also raised funds in New York through the sale of \$425 million worth of shares in the closed-end Macquarie Global Infrastructure Total Return Fund. Macquarie used the monies generated from these sales to make multiple purchases.

### ***Private Operator***

Autostrade International of Virginia O&M, Inc. currently has a contract to operate the Dulles Greenway and has provided these services since the roads opening in 1995. The company is a subsidiary of Italian-based Autostrade S.p.A, the largest toll road operator in the world.

### ***Other Matters***

It is our understanding that the Office of the Attorney General is reviewing operations of the Dulles Greenway and we are unaware of the status of this review.

### ***Source of Information***

The staff of the Auditor of Public Accounts compiled this information from source materials at the Virginia Department of Transportation, U.S. Department of Transportation – Federal Highway Administration and other available public sources.

Should you have any questions about this material, please contact me.

Walter J. Kucharski  
Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218  
Phone 804.225.3350  
Fax 804.225.3357  
walter.kucharski@apa.virginia.gov

**TOLLROADSnews**

on toll roads, turnpikes, toll bridges, toll tunnels &amp; road pricing

**REFINANCING:Dulles Greenway to Restructure with Bond Offering**

Posted on Sun, 1998-12-13 07:36

**CRANE FRÖHLICH | DULLES GREENWAY AUTOSTRAD | DULLES GREENWAY GWAY | FINANCIAL | LOUDOUN CO VA | TRIP-2 | TRNL**

The Dulles Greenway (Gway) plans to offer insured taxable bonds within a matter of weeks in a restructuring that its management hopes will put it on a sound financial footing. Traffic on the Gway which opened Aug 95 has grown strongly in the last year (from 29k to 37k weekdays) with the booming economy of Loudoun Co VA. Rick Froehlich the financial officer there says it has been making a profit on operations all this year.

The Gway however has never been able to make payments on debt which is held by major insurance companies. A standstill agreement was negotiated to avert bankruptcy and allow the restructuring. Froehlich says new traffic and revenue studies have been done and that MBIA will insure bonds for a public offering which is to occur as soon as the rating agencies have issued their ratings.

Equity in the 23km toll road that extends west from the Dulles Airport area to Leesburg VA will be largely wiped out in the restructuring. Principal loser is the Bryant-Crane family. Maggie Bryant, a businesswoman who lives locally and is said to have a net worth of around \$400m put up around \$80m for the road in cash and guarantees through the family company Shenandoah Greenway Corp. Her son Michael Crane has been CEO of the partnership that runs it, which also includes the Italian Autostrade and Houston-based Brown & Root, which built the road for around \$160m - though there was litigation over the amount.

Michael Crane the CEO told us that Shenandoah will remain the general partner and he hopes to continue managing the operation, though he laughs and say his family equity "isn't worth much at all now." He thinks the road "will eventually be successful" and characterizes recent traffic growth as "quite good."

There has been talk of Louis Berger and another company being in discussion to either buy the project or buy into the partnership, but we couldn't get anything hard on that. Froehlich said it was "news to me" and Crane said he wouldn't comment.

A cloud on the horizon of the Gway is anti-growth sentiment among politicians in Loudoun county. When the Gway was launched local plans provided for the whole corridor for miles on either side of the Gway to be intensively developed - in part to relieve development pressures on the areas west of Leesburg where the Gway terminates. But in the last year antidevelopment sentiment has grown furiously with officials proclaiming new development doesn't pay for the services it requires (Why don't they raise the impact fees?) Recently the council announced restrictions on housing permits in the Gway corridor (see WASH POST below).

Crane told us the Gway should not be affected in the short term but he calls the move "short-sighted." He says the refinancing does not assume full development of the area, but he thinks that makes sense and was part of agreed county plans for many years. Crane's mother Maggie Bryant is an active practical environmentalist who backed the Dulles Gway in part because it was seen as a way to concentrate development on the Washington DC eastern side of the county minimizing impact on the 'fox country' estates to the west. Mrs Bryant operates a couple of large wildlife preserves on a multiple use basis, allowing controlled hunting, lumber cutting and other utilization. She is an environmentalist who puts her money where her mouth is - unusual!

**FORECASTS:** the Dulles Gway has become a sorry showcase of a project in trouble because of a shoddy traffic and revenue study. The "Financial Model for the Final Financing" filed with the state by the Gway projected annual toll revenues in its first year of operation as \$22m - about 39k vehicles per weekday average. On the major press bus tour prior to the opening, Charles Williams, the TRIP representative said: "We expect 40,000 vehicles per day." That number was based on conservative figuring, he said, referring to the traffic and revenue forecasts. The official spokesman for the Gway, Suzanne Conrad, told me before the opening in a vetted quote for a FORBES mag piece that they were expecting 24k to start with. At other times 34k by the end of the first year was quoted. So somewhere in the range 20k to 40k was expected at a basic toll \$1.75, to go to \$2.00.

In the first six months of operation weekday average weekday traffic was in the range 10k to 12k, so first year revenue was headed in early 1996 for something like \$8m compared to the business plan's \$22m, and the project was immediately unable to meet debt service commitments. A near-halving of the basic toll (\$1.75 to \$1.00) slightly more than doubled traffic to the low to mid-20ks but the project has been unable to service most of its debt in its current financial configuration. The basic toll

**REFINANCING:Dulles Greenway to Restructure with Bond Offering**

Originally published in Issue 34 of *Tollroads Newsletter*, which came out in Dec 1998.

**Page:**7**Subjects:**financial restructuring**Facilities:**Dulles Greenway Gway**Agencies:**TRIP-2 Dulles Greenway Autostrade**Locations:**Loudoun Co VA**Sources:**Crane Froehlich

**FRANK R. WOLF**  
10TH DISTRICT, VIRGINIA

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEES:

RANKING MEMBER—COMMERCE-JUSTICE-  
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TRANSPORTATION-HUD

CO-CHAIR—TOM LANTOS  
HUMAN RIGHTS COMMISSION



**Congress of the United States**  
**House of Representatives**

July 26, 2010

241 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-4610  
(202) 225-5136

13873 PARK CENTER ROAD  
SUITE 130  
HERNDON, VA 20171  
(703) 709-5800  
(800) 945-9653 (IN STATE)

110 NORTH CAMERON STREET  
WINCHESTER, VA 22601  
(540) 667-0990  
(800) 850-3463 (IN STATE)

wolf.house.gov

The Honorable Sean Connaughton  
Secretary  
Virginia Department of Transportation  
PO Box 1475  
Richmond VA 23218

Dear Sean

I have been openly critical of the cost of the tolls on the Dulles Greenway for several years and the increase that went into effect on July 1 only added fuel to the fire. During rush hours, it now costs \$4.50 to use the road, and if drivers are coming from or going onto the Dulles Toll Road the rate is \$5.25. That means a daily round trip would be \$10.50. Over the course of a month, a daily commuter could spend the equivalent of a car payment. If you live in one of the communities just off the Greenway, you could easily get on and off the road multiple times a day.

I have said it before, and will say it again: this is highway robbery. And, as you well know, the Greenway's tolls are not going to improve transportation in Virginia but rather go to the bottom line of Australian-based Macquarie Group, the parent company of the firm that owns the road.

While I am fully aware that the recent rate hike was approved by the State Corporation Commission (SCC) – against my strong objections, I need to add – drivers who use that road are being ripped off. The 14-mile Greenway is, or close to being, the most expensive toll road per mile in the country, and it is having a serious impact on people who live in Loudoun, Clarke and points farther west who use the road every day.

I write today for three reasons. The first is for you to consider supporting legislation that not only rolls back the previously approved toll increases, but provides consumers with greater protections as the state considers more public-private ventures to address the Commonwealth's transportation infrastructure. When the SCC approved the most recent toll increases in 2007, it readily admitted that its hands were tied when it came to making its decision, stating "the Commonwealth made a series of policy decisions that leave us little choice but to make the decision we make in this case." In my opinion, the current law protects the interests of the owner of the toll road rather than the consumers of the road. At public hearings to discuss the recent rate increases, almost no one spoke in favor of the proposed increase. A law which allows no ability to consider the burden on my constituents and others who use the Greenway to commute to work, or to take their children to day care or soccer practice is a law in need of revision.

My second request is that the company which owns the Greenway be required to erect large signs at each of the entrances and exits of the road clearly stating the cost of the tolls. The signs should be large enough that drivers can read them regardless of what lane they are in, particularly as drivers approach the main toll booth from the east. The existing sign can only be read from the far right lane. There are large signs approaching the main toll plaza for the Dulles Toll Road. At minimum, the same signage should be at the main toll plaza of the Greenway.

Signs also need to be in place on local roads leading to the entrance ramps. For example, there is no sign listing the cost of the toll for drivers getting on the Greenway from the Route 7 bypass heading east. Posting the cost of the toll on a small sign a few hundred feet from a toll booth when exiting the Greenway onto a local road is unacceptable. Drivers have a right to know the cost of using the road before getting on the road, particularly in this age of the "E-Z Pass" where most people only see a statement at the end of the month.

My third request is that you appoint a task force made up of members of the General Assembly in northern Virginia whose districts are near the Greenway, local elected officials in Loudoun, Clarke, Frederick and Winchester, and citizens from the region to examine ways to make the road more user-friendly and potentially provide relief to the drivers who use – or would use – Greenway on a regular basis. The Commonwealth Transportation Board also should be engaged on this issue.

This is a quality of life issue for those people living along the Greenway or who use it on a daily basis. I hope you will seriously consider my requests.

Sincerely,

Frank R. Wolf  
Member of Congress

WE NEED TO DO SOMETHING  
TO HELP THE PEOPLE WHO  
USE THE ROAD.  
I thank you



**FRANK R. WOLF**  
10TH DISTRICT, VIRGINIA

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SUITE 130  
HERNDON, VA 20171  
(703) 709-6800  
(800) 945-6653 (IN STATE)

110 NORTH CAMERON STREET  
WINCHESTER, VA 22601  
(540) 667-0890  
(800) 660-3463 (IN STATE)

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The Honorable Sean Connaughton  
Secretary  
Virginia Department of Transportation  
1111 E Broad St Rm 3054  
Richmond VA 23219

Dear Sean:

I want to thank you for agreeing to my request to set up a Dulles Greenway advisory committee. This group should examine ways to make the road more user-friendly and potentially provide relief to frequent and potential users. As discussed with Northern Virginia District Director Garrett Moore, the group should include representatives from local homeowners associations; area businesses, large and small; representatives from area chambers of commerce and other business groups, including realtors. Elected officials in Loudoun, Clarke, and Frederick counties and the City of Winchester also should be included.

As you know, the Greenway was authorized by the Virginia Highway Act of 1988 and championed in the General Assembly by former State Senator Charlie Waddell in the early 1990s. The local residents who helped finance and construct the road made a commitment to area residents that the road would serve as a link from Loudoun County and the Shenandoah Valley to Fairfax County. These individuals were responsive to residents and reinvested revenues back into the surrounding communities. Unfortunately, now that the road is owned by TRIP II and its parent company, Macquarie Group, the incentive to serve the interests of area residents evaporated.

I was especially disappointed to see a recent news report stating that TRIP II CEO Tom Sines refused to even conduct a feasibility study on distance-based pricing. If you enter the Greenway after Route 28 and travel one mile, you still pay the full toll price. Mr. Sines stated, "We didn't do a full blown study. There is a risk in that this would not increase revenue and the company would be out \$6.5 million that I would have to explain to the bond holders. It's just a gamble." TRIP II's priorities clearly lie in generating profits for a foreign company and not in protecting current users or attracting new users to the Greenway. It is little wonder that traffic on the road continues to decrease. The current toll structure makes the Greenway one of the most expensive toll roads in the country.

While the federal government had no role in authorizing or funding the construction of the Greenway and has no oversight authority, I still feel a responsibility to do everything I can to ensure that my constituents have some basic protections and a voice in proposed future toll

The Honorable Sean Connaughton

February 18, 2011

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increases. I remain bewildered that the Virginia Highway Act does not provide the State Corporation Commission (SCC) a sufficient mechanism to more closely examine toll increase applications. In fact, when the SCC approved a toll increase in 2007, it stated that:

The Commonwealth made a series of policy decisions that leave us little choice but to make the decision we make in this case. Those decisions led to a regulated private company constructing and operating the Dulles Greenway. This was done pursuant to legislation passed by the General Assembly during its 1988 session.

I testified before the SCC and I, along with nearly all other witnesses, spoke out against the toll increase application. A law which allows no discrimination to consider the burden on all who use the Greenway to commute to work, take their children to day care, or go to soccer practice is a law in need of revision.

I believe the advisory panel you are creating is the best way to ensure interested parties have a way to voice their concerns. It is my hope that this committee can convince TRIP II to be more responsive to their needs, as opposed to the intransience it has shown up to now. If tolls on the Greenway continue to rise unchecked, residents will either pay a heavy financial burden or be forced to sit in never-ending gridlock on Route 7 and Route 28.

Numerous companies in Loudoun County avoid the Greenway because of the tolls. Luck Stone is a supplier of rock products and has a large facility off Belmont Ridge Road in Loudoun County a short distance from the Greenway. When I asked the company if it recommends using the Greenway or local roads, I was told, "Luck Stone intentionally avoids recommending use of the Dulles Greenway. The feedback we get from haulers and customers is that they will bypass the Greenway because of the expense. They will use Route 7, Route 50, or Waxpool Rd and get on the Dulles Toll Road after Route 28 or just stay on those initial primary roads." When these large trucks are diverted off the Greenway, they clog local roads and often use neighborhood streets. This puts additional stress on these roads and further adds to congestion. Either way, residents and businesses lose while a foreign company profits. It is my hope that this advisory committee will introduce TRIP II to the concept of being accountable to the people it claims to serve.

As you know, my concerns about tolls do not stop with the Greenway. Residents of Loudoun County traveling to points east also face rising tolls on the Dulles Toll Road and high costs if they chose to use the Capital Beltway HOT lanes when opened. To that end, Rep. Tom Latham, chairman of the House Transportation Appropriations Subcommittee, and I recently sent the enclosed letter to U.S. Department of Transportation Inspector General Calvin Scovel asking that he conduct an ongoing audit of both Phase 1 and Phase 2 of the Dulles Metrorail Extension project until it is completed and transferred to the Washington Metropolitan Area Transit Authority. Rep. Latham and I believe having an independent set of eyes examining Dulles Rail and providing input on key design and implementation decisions will help keep costs to a minimum and in turn keep in check tolls on the Dulles Toll Road, which could rise exponentially to cover the new debt service. I want to do everything possible to make sure this project is done on time and on budget so area residents are not forced to pay exorbitant tolls in the future.

The Honorable Sean Connaughton  
February 18, 2011  
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Again, thank you for your assistance and I look forward to working with you and the advisory committee in the future.

Best wishes.

Sincerely,

Frank R. Wolf  
Member of Congress

FRW:cw  
enclosure

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# COMMONWEALTH of VIRGINIA

Office of the Governor

Sean T. Connaughton  
Secretary of Transportation

August 13, 2010

The Honorable Frank R. Wolf  
Member, Congress of the United States  
House of Representatives  
241 Cannon House Office Building  
Washington, D.C. 20515-4610

Dear Congressman Wolf:

Thank you for your letter of July 26, 2010, in which you raise concerns regarding the Dulles Greenway in Northern Virginia. I understand the concern of citizens who use the Dulles Greenway, particularly those citizens who use it on a daily basis. There are, fortunately, alternatives to using the Dulles Greenway; however, we both recognize that there are other challenges in using the alternatives.

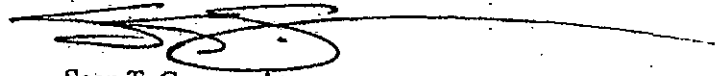
As you know, establishing the toll rate for the Dulles Greenway has been delegated by the Virginia General Assembly to the State Corporation Commission (SCC), and I believe it would be inappropriate of me to comment on or question the basis on which the SCC established the most recent toll rate. The SCC is, however, guided by the legislative principle in establishing the toll rate that the toll "is set at a level that is reasonable to the user in relation to the benefit obtained and which will not materially discourage use of the roadway by the public and which will provide the operator no more than a reasonable return as determined by the Commission." In 2008, then Attorney General McDonnell, at your request, undertook an investigation into financial transactions involving the Dulles Greenway. One of the conclusions of that investigation was that deferred earnings for the operator in earlier years would have to be made up from future earnings, thus placing upward pressure on future toll rates. Moreover, in 2008, the Virginia General Assembly amended the Code section addressing the establishment of toll rates for this facility and provided additional direction for future toll increases.

The Honorable Frank R. Wolf  
August 13, 2010  
Page Two

Regarding your request that the Dulles Greenway erect signage stating the cost of the tolls, we will pursue this with the Dulles Greenway. Also, we will establish a task force from the region to examine ways to make the Dulles Greenway more user friendly.

Again, I appreciate you writing to me regarding your concerns, and I look forward to working with you on this, as well as many other transportation issues in the Northern Virginia region.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sean T. Connaughton', with a long horizontal line extending to the right.

Sean T. Connaughton

cc: Mr. Gregory A. Whirley, VDOT Commissioner  
Mr. J. Douglas Koelemay

**FRANK R. WOLF**  
10TH DISTRICT, VIRGINIA



241 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-4610  
(202) 225-5136

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**HUMAN RIGHTS COMMISSION**

**Congress of the United States**  
**House of Representatives**

December 9, 2011

13873 PARK CENTER ROAD  
SUITE 130  
HERNDON, VA 20171  
(703) 709-5800  
(800) 945-9653 (IN STATE)

110 NORTH CAMERON STREET  
WINCHESTER, VA 22601  
(540) 667-0990  
(800) 850-3463 (IN STATE)

wolf.house.gov

The Honorable Sean Connaughton  
Secretary  
Virginia Department of Transportation  
1111 E Broad St Rm 3054  
Richmond VA 23219

Dear Sean:

Northern Virginia drivers are about to face another toll increase on the Dulles Greenway. As you know, the State Corporation Commission (SCC) was obliged under state law to approve a toll schedule that will increase the maximum base toll from \$3.70 to \$4 and the peak toll on weekdays from \$4.50 to \$4.80 starting on January 1, 2012.

I am concerned that commuters are not aware of this scheduled increase and was hopeful that the Dulles Greenway Advisory Committee could have been the avenue to provide commuters with up-to-date information. So you can imagine my frustration with the actions of Greenway officials when my staff attended the November 18 meeting of the committee. The purpose of the committee is to make the road more user-friendly, but I believe the Greenway is actively trying to prevent even the most basic improvements to the road.

While I understand the need to include Greenway employees on the committee, it appears that they have de-facto veto power over even the most basic decisions, including the design and location of signs informing users of the Greenway what the toll rate will be prior to entering the road. Why should a user have to visit a Web site to find out what the toll rate will be? This is simply unacceptable. I was even more disturbed to learn that Greenway officials emphatically refused to pay for any of the signs proposed by the committee. I am at a loss to understand why a private company owned by an Australian firm should have any say over placement and content of the signs if they are refusing to shoulder the financial burden and the signs will not be placed on property it owns. Does this protect the Greenway or northern Virginia residents?

I think many in northern Virginia would agree that the Greenway and its parent company, the Macquarie Group, are not good corporate citizens. Garrett Moore and the Virginia Department of Transportation (VDOT) staff hosting the committee have tried to put forward workable solutions based on the guidelines that you set for the committee, so it vexes me that Greenway officials are being allowed to drive the process.

For example, my staff informed me that Greenway officials continue to refuse to conduct a distance-based pricing study. It is my understanding that the company's bond insurer won't permit expenditures that will not increase revenues. How then is the Greenway able to make contributions to political campaigns? The Greenway even pays former VDOT secretary Whit Clement to lobby members of the General Assembly. Company officials asserted at the last meeting that spending on lobbyists was needed because the company was, "under constant attack." Just who in Richmond does the company claim is attacking it? The complaints I receive are from northern Virginia residents affected by the Greenway. It is clear that the Greenway employs lobbyists to protect the company from common sense reforms that would benefit customers.

I have written you many times in regard to the state law permitting a private company to operate the Greenway. It would appear that the Greenway is in a separate category from other Virginia toll roads. The SCC has essentially said that its hands are tied by statute from preventing more toll increases. Why is this company allowed to operate a road in a manner that provides almost no consumer protections? Commuters can write the SCC, but the letter of the law provides no way to prevent toll increases.

I urge you to consider the effect that the Greenway tolls have on area residents. Under the current and future tolls I discussed above, a daily commuter could spend the equivalent of a car payment to use the Greenway each month. I have spoken to Loudoun residents who say that they won't even take the commuter buses because they cannot afford the Greenway tolls to access the commuter bus lots. I implore you to think about the effect this has on families taking their children to soccer practice, a piano lesson, or a doctor's appointment. They are faced with the choice of providing less for their children or spending untold hours in congestion on surrounding roads. This is no choice at all.

In addition, I have heard from realtors in Loudoun County who are concerned that escalating tolls on the Greenway will depress housing sales and the economic growth that comes with it. A private toll road that drastically increases transportation costs with the only alternative being the misery of non-stop gridlock and interminable commutes will certainly effect whether new residents move to Loudoun County. Luck Stone is a supplier of rock products and has a large facility off Belmont Ridge Road in Loudoun County a short distance from the Greenway. When I asked the company if it recommends to its private haulers using the Greenway or local roads, I was told the company intentionally avoids recommending use of the Dulles Greenway. The feedback Luck Stone gets from haulers and customers is that they will bypass the Greenway because of the expense, using Route 7, Route 50, or Waxpool Rd and get on the Dulles Toll Road after Route 28 or just stay on those initial primary roads. This leads to several predictable consequences. First, large trucks will divert onto secondary roads, including residential areas, creating a safety hazard. Would you feel safe with your children playing on a street that saw traffic from trucks carrying large loads of gravel and

The Honorable Sean Connaughton

December 9, 2011

Page 3

aggregate? Secondly, the weight of these trucks increases the amount and frequency of road repairs, funded by Virginia taxpayers.

The people of Loudoun County and northern Virginia deserve to have their voices heard and I believe the state has a duty and an obligation to advocate for these residents. Short of changing the 1988 law that governs the road, I see no alternate means of relief for my constituents who use the Greenway and the countless others who waste time on roads handling the commuters who refuse to be gauged by a private company.

Best wishes.

Sincerely,

Frank R. Wolf  
Member of Congress

FRW:cw

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It is VERY important.  
You need to protect the  
citizens of Virginia.

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**TOLLROADSnews**

on toll roads, turnpikes, toll bridges, toll tunnels &amp; road pricing

**Macquarie buying VA Dulles Greenway for \$615m**

Posted on Tue, 2005-08-30 18:10

**OLDWEBSITE**

Macquarie say they have an agreement to buy 86.7% of the stock of the Dulles Greenway in Virginia for \$533m. This is the stock of Shenandoah Group - the family company of the Greenway pioneers Maggie Bryant and her son and CEO Michael Crane - and of AIE LLC, lowkey private investors who bought out Autostrade's former 30% share in 2003. Macquarie also say they are close to nailing down an agreement to purchase the remaining 13.3% of the stock held by Kellogg Brown & Root, a Haliburton sub, and the major builders of the tollroad, which opened just short of 10 years ago in the fall of 1995.

If Macquarie pay KBR the same per share as Shenandoah and AIE the purchase price of the Greenway will be \$615m.

Macquarie say they will take "operational responsibility" for the pike and will make a public stock issue of \$675m to pay off interim loans and fund the new venture.

Autostrade have an operations and maintenance contract at the Dulles Greenway for the life of the concession, but Macquarie's statement apparently means they will work to Macquarie's instructions.

A Macquarie spokesman said today their ownership of the general partner will give them "day to day responsibility for the management and operation of the concession."

**Macquarie rationale**

Explaining the purchase Macquarie Infrastructure Group (MIG) CEO Steve Allen said in a corporate statement:

"Dulles Greenway has a number of highly attractive attributes that caught the attention of MIG and we have been actively pursuing the opportunity to invest in the road for some time. Dulles Greenway is a relatively young, well maintained intra urban toll road with a 10-year operating history and 51 years remaining in the concession agreement. Tolls are established, on application, by the Virginia State Corporation Commission (SCC).

"One of the most exciting aspects about the road is that it serves an affluent region experiencing strong population and employment growth. Loudoun County has one of the fastest growing populations in the United States with significant housing and economic development expected to continue.

"Although the road experienced difficulties in the early years the region's strong growth is now reflected in the Dulles Greenway's compound average growth of 17% for traffic and 26% for revenue between 1996 and 2004.

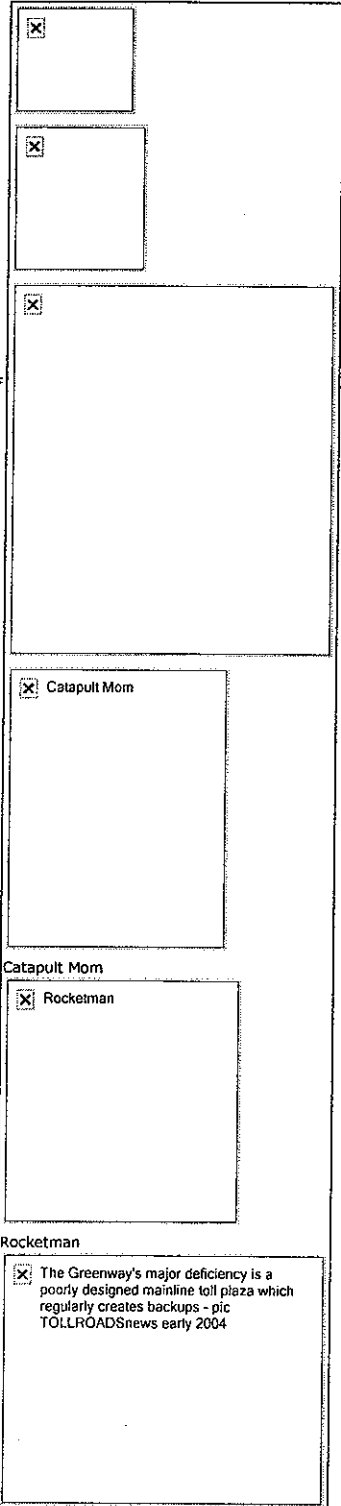
"This is a high quality, growth asset that will be value accretive to the MIG portfolio. We are forecasting an average yield of 8% per annum over the next 10 years. Following completion of our investment in Dulles Greenway it will comprise 8% of MIG's portfolio and will be our third investment in the growing United States toll road market."

**Investment fundamentals**

Under the heading "Investment fundamentals" Macquarie say the Greenway promises an internal rate of return on the \$615m purchase price of 12.6%/yr. They call it a "growth asset" which should yield an average 5%/yr in the first 5 years and 8% over the first 10 years.

MIG are proposing an equity capital raising of approximately \$675 million via an institutional placement of stapled securities. There will also be a security purchase plan.

MIG anticipate financial close by mid-Sept.



## NJ misplaced - US geography lesson needed downrunner

The Sydney Morning Herald headlined its report of the Macquarie announcement today: "MIG buys New Jersey toll road" though the text of the report correctly located the Dulles Greenway in the state of Virginia. NJ got into the story because it quoted CEO Steve Allen as saying they were "monitoring" state plans for the turnpike. The NJ Turnpike, Allen said, would be "very big." If it were too big for Macquarie alone they would put together a consortium.

## Traffic history

The Dulles Greenway is an extension northwesterly of Virginia DOT's Dulles Toll Road and constitutes a premier commuter route to the rest of the Washington DC metro area for residents of Loudoun County VA centered on Leesburg and points west in nearby West Virginia. Designated VA267 it goes 22km (14mi) from US15 in Leesburg to the western end of the Dulles Toll Road at a complicated interchange with VA28 (Sully Road) and the complex of entrance roads to Washington Dulles International Airport, one of three airports in the Washington-Baltimore metro area (pop 7.2m).

It competes for traffic with VA7 Leesburg Pike - a famous 19th century tollroad now a 2 x 3 lane arterial, free of tolls, but riddled with an endless procession of traffic signals. The Greenway is constructed in rolling country, and winds left and right, reflecting the privately negotiated land purchases and avoidance of 'holdouts' that defined its right of way in the years 1991-93. It has only one major bridge - over Goose Creek. The eastern end of the Greenway, including the mainline toll plaza, is constructed on land leased from the Metropolitan Washington Airports Authority. It is on the edge of the real estate of Dulles Airport.

Traffic on the Greenway last year averaged 70.7k/day. They expect to have 82k/day this year, another 16% growth.

Being privately held there are no publicly available accounts for the Greenway but we were told toll revenues are currently about \$50m.

Peak toll rates at the mainline plaza are \$2.40 and off-peak \$2.00. 50c of the toll collected at the Greenway mainline plaza is passed on to VDOT as a west-end Dulles Toll Road toll, the equivalent of a ramp toll at other exits on the west end of the VDOT facility.

## Growth

Loudoun County had 169.6k people in 2000 vs 86.1k in 1990, growth of 97% in the decade. There have been major battles over development policy in county government but growth continues strong. The area is very attractive for development and well situated relative to booming northern Virginia and the airport area. Nearby Jefferson and Berkeley counties of West Virginia are also developing and feed the Greenway.

The Greenway opened Sept 29 1995.

Average daily traffic averaged over full years has been:

1996 20.2k  
 1997 27.8k +38%  
 1998 32.4k +16%  
 1999 39.7k +23%  
 2000 46.3k +17%  
 2001 51.9k +12%  
 2002 55.7k +7%  
 2003 60.9k +9%  
 2004 70.6k +16%

Peak toll rates at the mainline plaza are \$2.40 and off-peak \$2.00. 50c of the toll collected at the Greenway mainline plaza is passed on to VDOT as a west-end Dulles Toll Road toll, the equivalent of a ramp toll at other exits on the west end of the VDOT facility.

The Greenway's major deficiency is a poorly designed mainline toll plaza which regularly creates backups - pic TOLLROADSnews early 2004

☒ Geography lesson needed downrunner

Geography lesson needed downrunner

☒ The western section of the Greenway - just 2x2 lanes but with median space to go to 2x4

The western section of the Greenway - just 2x2 lanes but with median space to go to 2x4

☒ Map showing Dulles Greenway (DGwy) and Dulles Toll Road in the larger metro area. The transition between the tollroads is at VA28.

Map showing Dulles Greenway (DGwy) and Dulles Toll Road in the larger metro area. The transition between the tollroads is at VA28.

HISTORY: TRIP II the holding company now in sale was sponsored and has been majority owned by the family of Maggie Bryant and her son Michael Crane via their Shenandoah Greenway Corp. They are local (Middleburg VA) property owners and business people. Kellogg Brown & Root the Houston sub of Haliburton own a portion of shares. Autostrade the big Italian toll operator were initial partners but about two years ago sold their interest to AIE LL, private investors.

The main developer of the project was Ralph Stanley, a mercurial 43 year old, 6'6" tall, who kept a large dog in his office in a 2-story building in the main street of Leesburg and used to conduct two conversations simultaneously. This larger than life guy was briefly in government where he was head of the Urban Mass Transit (now Federal Transit) Administration under Pres Reagan.

Stanley talked up local support for the tollroad, found the Crane family as lead investors and worked most of the land acquisition, permitting, design, the financing, and set the project on the road to construction. Land acquisition involved negotiation with about 300 private owners of land along the route. Stanley fell out of favor with the Cranes by the time the road opened. He got a job with Bechtel in Portland, but sadly died of melanoma in 2001 at age 49.

### **Troubled early years**

TRIP II defaulted on its original longterm financing from Prudential and New York Life insurance companies from the very first due date for debt service because traffic was miserably low at the opening \$2.00 toll. Traffic slightly more than doubled at a \$1.00 toll but revenue wouldn't service the debt. The tollroad's first three years were dicey with Prudential in effect running the show. (CEO Crane joked that he entered his office each day happy to see he still had a chair and desk left to sit at, and told us he had to get "the OK from Hartford CT" to order new typewriter ribbon.)

There was much bad feeling at the time over traffic and revenue projections from Vollmer - though just recently they have been looking rather prescient.

From the fourth year traffic grew strongly. In May 1999 Bear Stearns did a successful refinancing and the original bondholders were paid off about 90c in the dollar. The first third laning began soon afterward.

The final obstacle to funding expanded capacity was a requirement that the tollster get permission for a toll increase from a state price controlling body in Richmond VA called the State Corporation Commission. This organization took 13 months to render judgment that the tolls could go up. Seven months went by before the price controllers organized hearings on the toll increase. In their decision they granted the Greenway request - despite much noisy opposition at the public hearings - and set maximum tolls for cars previously \$2.00 at \$2.40 immediately, \$2.70 at end-2005, and \$3.00 July 1 2007. Actual tolls have at times been below the maximum allowable.

Loudoun County served by the Dulles Greenway is one of the faster growing fringe areas of the 7.2m pop Washington-Baltimore metro area. The Dulles Greenway competes with the untolled 6-lane signalized arterial VA7 Leesburg Pike (named from its early 19th century origins as a toll road) as the main connection to the rest of the metro area. As a project it was initially called the Dulles Toll Road Extension since it is an extension west beyond VA28 and Dulles Airport of the successful VDOT toll road who goes from VA28 east to the Capital Beltway (I-495). Travelers from Loudoun County to the Beltway have mainline plazas at the Greenway and on the Toll Road at Tysons Corner to pass through.

### **Concession term extended 20 years**

TRIP II obtained a "Certificate of Authority" to toll for 40 years as part of the original concession agreement with the state before the road was built. Last year the State Corporation Commission extended this to 60 years, accepting the investors argument that the longer term was needed to fund the capital improvement program. (Neither the Washington Post nor the Washington Times has ever reported the 20 year concession extension.)

51 years now remain on the concession.

Owners of the Dulles Greenway, a toll increase in hand, closed on a bond financing in March 2005 that is funding \$72m of expansion projects currently under way:

- \* widening the whole length of the pike to 2x3 lanes
- \* adding two new interchanges, improvements to another
- \* construction of a direct connector ramp to Dulles International Airport
- \* expansion of the mainline toll plaza from 14 to 18 lanes (originally 10 lanes)

Traffic in 2004 averaged 70.6k daily - too much for a 4-lane highway for which about 50k to 60k is normally considered a comfortable ceiling. The road was designed with a wide median and has the space to go to at least 2x4 lanes though rail enthusiasts want to run a heavy 'Metro' rail line down the middle too.

### **Feasibility study for 8 lanes**

The present owners have a feasibility study under way looking at where they go beyond the 2x3 lanes being built with the present financing.

The Greenway has already gone to 3 lanes per direction for the first 8km (5mi) traveling westward (to Claiborne Parkway) so the present work involves 14km (9mi) of third-laning to US15 in Leesburg.

Two new interchanges will replace arterials which presently bridge the Greenway without connections in the western half of the toll road.

\* Battlefield Parkway will become Exit 2 after removing the existing Tolbert Lane Bridge and replacing it with a new four lane structure that connects directly to Battlefield Parkway as well as extending Battlefield Parkway to VA621, Evergreen Mills Road

\* Cross Trails Blvd will become Exit 3 through widening the existing Shreve Mill Rd Bridge to 4 lanes and building the connecting ramps and roadway within the Greenway right of way

Construction of a direct connection ramp to Dulles International Airport near the eastern end of the Greenway will eliminate a circuitous trip by eastbound traffic in which they cross over the top of the Greenway to join VA28 for a short distance and go under the Greenway again before joining the lanes of the VDOT Dulles Toll Road entering the airport. If that sounds confusing, it is! Only a sketch map can explain the spaghetti of DTR/Greenway/VA28/AirportAccess/ParkingLotRamps movements. (I once ended up in a longterm Parking Lot Blue trying to find the Greenway, my route home, having just left Parking Lot Yellow, or something like that. All the way round again. PSam)

At the western end of the pike in Leesburg an entry ramp from US15N will be doubled.

An existing diamond interchange at Ox Road VA606 will get loops to make it a full cloverleaf. (Virginia is the world's last refuge of cloverleaf interchanges!)

The mainline toll plaza presently the scene of serious backups in peak hours will be widened to 18 lanes. The abutting Dulles Toll Road has moved to higher speed electronic tolling on its mainline plaza but the Dulles Greenway is not yet making that move. For the immediate future it will still be 15mph roll-through in single transponder-only lanes.

### **Collaboration with Accenture on video tolling**

Dulles Greenway have been working with a new tolling group at Accenture to demonstrate advances in video tolling on the Greenway. Details have not yet been released, but improvements to the Greenway plaza are badly needed.

### **Dulles Toll Road**

Macquarie must be looking closely at making a bid for the Dulles Toll Road, the 350k tolls/day state-owned facility to which the Greenway attaches. It is the subject of a proposal to the state of about \$1b worth of rail-financing support by Dulles Corridor Mobility Consortium, a group comprising a small local broker with the backing of Autostrade and Laing. The tying of a toll concession to support for a loss-making rail line has drawn criticism, and state officials have said they would like competing bids. The deadline for these is Oct 28.

The two presently separate operations would integrate nicely.

COMMENT: The Greenway is a good buy at \$615m. It is a tollroad with similar revenue to the Chicago Skyway and better potential for growth - at a third the price.

### **What future Catapult Mom and Rocketman**

For us the biggest unanswered question is whether the new owners will banish Catapult Mom and Rocket Man, cutesy promotional figures deployed by the Greenway in marketing ever since it opened. The first rocket was a fizzer.

NOTE: Parts of this report draw on material in a TOLLROADSnews report dated 2005-03-03.

See Macquarie statement at

<http://www.macquarie.com.au/au/mig/news/20050830.htm>

TOLLROADSnews 2005-08-30

TOLLROADSnews is a journalistic venture of Peter Samuel, 102 West Third Street Unit 1, Frederick MD 21701 USA tel 301 631 1148 email [editor@tollroadsnews.com](mailto:editor@tollroadsnews.com).

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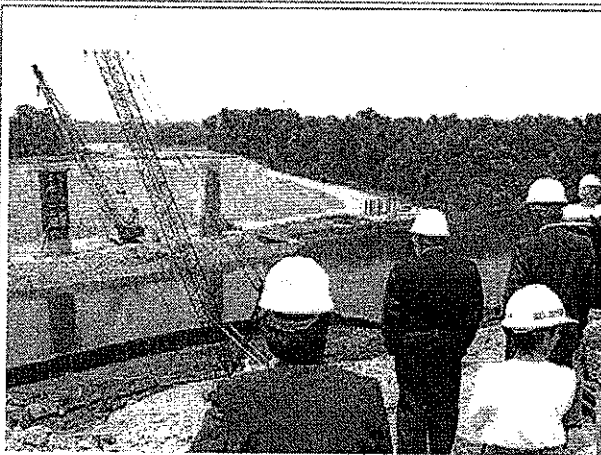
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## Issue 38: 17 Years Ago: County Approves Special Exception for Greenway



Seventeen years ago this month, in September 1990, the Loudoun County Board of Supervisors made a major land use decision that eventually paved the way for the construction of the Dulles Greenway.

The toll road construction project, which extended the Dulles Toll Road from Fairfax County to Leesburg, was a public-private partnership.

While the toll road extension was privately funded and constructed, the project required the support and approval of the state and county governments.

Charles L. Waddell, who represented Loudoun County in the Virginia Senate and chaired the Senate's Transportation Committee, was instrumental in the passage of legislation in 1988 that lifted a 30-year ban on the private construction of toll roads in Virginia. By the end of that year, the Toll Road Corporation of Virginia (TRCV) had submitted a proposal to build the road.

The Loudoun County Board of Supervisors gave conditional support to the TRCV proposal in July 1989, followed closely by the State Corporation Commission (SCC). On October 10 of that year, the Board of Supervisors adopted the necessary amendments to the area management plans that would allow the construction of the toll road.

Final state approval came in July 1990, and on September 18, 1990, the Board of Supervisors voted unanimously to grant a special exception to the county's Zoning

Ordinance and a commission permit to allow the construction of the first private toll road in Virginia in more than a century.

Construction of the road did not begin immediately, however. With the local and national economy in the midst of a downturn, TRCV struggled for years to obtain financing and land for the project.

Finally, TRCV filed the necessary papers – deeds, easements and loan papers – with the Clerk of the Circuit Court's office on September 27, 1993. A groundbreaking ceremony was held two days later for the toll road extension, which now had a new name – the Dulles Greenway.

Construction of the 14-mile road took almost exactly two years. A formal ribbon-cutting ceremony was held on September 29, 1995, attracting prominent officials, from all levels of government – town, county, state and federal, and the Greenway opened to the public on October 4.

An editorial in the Eastern Loudoun Times summed up the significance of the occasion: "For better or for worse, Loudoun County changed forever Sept. 29, 1995, the day opening ceremonies celebrated the completion of the Dulles Greenway."

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This is one of a series of weekly releases from the Loudoun County Office of Public Information highlighting landmark events in the Loudoun County government during its 250-year history.

Sources:

Board of Supervisors Meeting Minutes  
Eastern Loudoun Times  
Leesburg Today  
Loudoun Times-Mirror  
The Gazette  
Washington Post

Image: Members of the Board of Supervisors observe the progress of the construction of the Dulles Greenway bridge at Goose Creek, 1994; photo by Jim Barnes

Comments (0)

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PDF version

With the completion and with the early success of the Dulles Toll Road (DTR) in the 80's, the Virginia Department of Transportation (VDOT) and Loudoun County became interested in the possibility of expanding the road further west (see last quarter's newsletter link). With no major expressways or arterial roads at the time, Loudoun was anxious to build a new road to help significantly improve access. The Commonwealth didn't appear to be ready and willing to build the road so John Miller of the Municipal Development Corporation and Bill Allen of Parson Brinckerhoff led the drive to create the extension of the DTR, with a focus on building the road privately. What was needed was a legislative mechanism to make this happen. In 1986 Virginia Governor Gerald L. Baliles was elected with a major focus on transportation. He quickly created a blue ribbon panel called the Commission on Transportation for the 21st Century (COT 21) charged with finding creative solutions to Virginia's transportation shortcomings. The time was ripe for new and innovative approaches.

Miller quickly found that Virginia law reserved the authority to operate turnpikes and toll roads for the Commonwealth or its political subdivisions and he began to discuss his idea and the necessary legislation. Miller began discussing the potential legislation with numerous groups and legislators and ultimately presented draft legislation to the COT 21 group. In 1987, COT 21 included a recommendation in its final report that Virginia explore the possibility of privately financed and operated roads. Momentum was building.

Central to the growing momentum was Loudoun County's own State Senator Charles Waddell, Chair of the Transportation Committee. He was interested in the concept of a privatized toll road but not ready to endorse the idea without the support of VDOT and Loudoun County. Discussions ensued with Waddell, VDOT, Loudoun County and State Senator Tom Michie of Charlottesville on the matter. Michie and Waddell focused on public safeguards, including the local jurisdictions having veto power over the road and the road meeting VDOT design standards among several other issues. Thus, The Virginia Highway Corporation Act of 1988 was introduced and became law.

**FRANK R. WOLF**

10TH DISTRICT, VIRGINIA

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEES:

CHAIRMAN—COMMERCE-JUSTICE-SCIENCE

TRANSPORTATION-HUD

STATE AND FOREIGN OPERATIONS

CO-CHAIR—TOM LANTOS  
HUMAN RIGHTS COMMISSION



**Congress of the United States**  
**House of Representatives**

July 15, 2011

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WASHINGTON, DC 20515-4610  
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13873 PARK CENTER ROAD  
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HERNDON, VA 20171  
(703) 709-5800  
(800) 945-9653 (IN STATE)

110 NORTH CAMERON STREET  
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(540) 667-0990  
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wolf.house.gov

The Honorable Sean Connaughton  
Secretary  
Virginia Department of Transportation  
1111 E Broad St Rm 3054  
Richmond VA 23219

Dear Sean:

Two members of my staff participated last week in the first meeting of the advisory committee you authorized to study ways to make the Dulles Greenway more user friendly. I was disappointed to learn that, despite my repeated requests to study the toll structure and the state law permitting the public-private partnership allowing an Australian parent company to own the Greenway, the committee was told that discussion of these issues was categorically forbidden by VDOT.

I appreciate the difficulties you and Governor McDonnell's administration face. As the State Corporation Commission stated when it approved the most recent toll increase application for the Greenway, "The Commonwealth made a series of policy decisions that leave us little choice but to make the decision we make in this case." Nevertheless, I believe we all have a duty to correct a wrong when one is clearly identified. The current agreement with the Greenway is neither balanced nor fair, save for Toll Road Investors Partnership II's bottom line. I want to work with you and the governor in amending the Greenway agreement to provide greater protection for the users of the road.

You are well aware of my concerns about the Greenway. My letters dated July 26, 2010, and February 18, 2011, (enclosed) clearly explain what I believe must be done to protect commuters from the increasingly exorbitant tolls on the Greenway. While I was encouraged that you agreed to set up a task force to examine the Greenway and eventually include citizen representatives, I am disappointed that the parameters not only disallow a process for examining the toll structure, but that you also declined to include local elected officials.

It was my hope that this committee would be a way for commuters to sit face-to-face with the elected officials who exercise authority over the state law that encompasses the current agreement and know that their concerns about the toll structure would be heard. Sadly, this will be impossible under the structure outlined at the initial meeting. While I appreciate the fact that VDOT will work with the Greenway owners to improve signage, the committee structure appears to be a fig leaf.

Enclosed is the letter recently sent to you by the Loudoun County Board of Supervisors, which asks that the committee examine distance pricing, and include local and state elected



The Honorable Sean Connaughton

July 15, 2011

Page 2

officials as members, among other items. I fully support the county's request. There is clearly support from the local and federal officials representing Greenway users.

At the very least, the Greenway should be required to do a study on distance-based pricing. Public roads, such as the New Jersey Turnpike, and private roads, such as the Indiana Toll Road, use distance-based pricing. I was disappointed earlier this year when I read in the enclosed *Ashburn Patch* article that TRIP II declined to even perform such a study. According to the article, TRIP II CEO Tom Sines said, "We didn't do a full-blown study. There is a risk in that this would not increase revenue and the company would be out \$6.5 million that I would have to explain to the bond holders. It's just a gamble." While new equipment to implement distance-based pricing might cost \$6.5 million, a feasibility study most surely would cost much less. Yet, the Greenway owners steadfastly refuse to even do a study.

It is also distressing in the extreme to see former Virginia Secretary of Transportation Whitt Clement lobbying on behalf of the Greenway. It is my understanding that he is regularly seen at the State Capitol and at Commonwealth Transportation Board meetings. This relationship troubles me. Here is a person whose job was to help our region with transportation issues now working against our interests as a paid lobbyist for a foreign company to keep tolls high on northern Virginia residents. Is there any wonder that people don't trust government?

While I sincerely appreciate your willingness to examine signage and include citizen representatives, I implore you once more to address this problem in a decisive way. I can assure you that I will continue to do everything I can to ensure that this important issue is successfully resolved.

Best wishes.

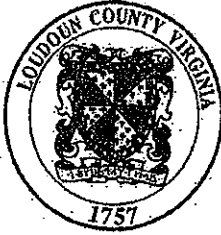
Sincerely,

Frank R. Wolf  
Member of Congress

FRW:cw  
enclosures

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Loudoun County, Virginia

[www.loudoun.gov](http://www.loudoun.gov)

Board of Supervisors

1 Harrison Street, S.E., 5th Floor, P.O. Box 7000, Leesburg, VA 20177-7000

Telephone (703) 777-0204 • Fax (703) 777-0421 • email: [bos@loudoun.gov](mailto:bos@loudoun.gov)

July 6, 2011

Virginia Department of Transportation – Northern Virginia District  
ATTN: Mr. Garrett Moore, NOVA District Administrator  
4975 Alliance Drive  
Fairfax, VA 22030

RE: Dulles Greenway User Interface (DGUI) Task Force

Dear Mr. Moore,

At its July 6, 2011 business meeting, the Loudoun County Board of Supervisors discussed the formation and stated purpose of the Dulles Greenway User Interface (DGUI) Task Force, as established by the Virginia Secretary of Transportation, Sean Connaughton, at the request of Congressman Frank Wolf. As a result of that discussion, the Board is requesting two key changes that would affect the scope and composition of the DGUI Task Force.

First of all, as it currently stands, the stated purpose of the DGUI Task Force is “to review and enhance the existing signage pertaining to the Dulles Greenway” as noted in your May 16, 2011 letter. While this is not an insignificant issue, an issue of far greater concern for the users of the Greenway, and in particular, the citizens of Loudoun County, is the fact that all Greenway users are charged the same toll regardless of the distance they travel. The Board strongly advocates implementing a distance-based toll structure. This would encourage much greater use of the Greenway by local residents, particularly in the Ashburn area, by providing a viable alternative to local streets such as Waxpool Road. The current toll structure contributes significantly to severe congestion, particularly in the Waxpool corridor, for both the morning and evening commutes, and creates unnecessary safety hazards. The potential for unsafe conditions will continue to worsen as either, or both, the traffic and tolls increase. As you are likely aware, starting January 1, 2012, the toll at the main plaza on the Dulles Greenway will be \$4.00 each way. Eventually, tens of millions of State and County funds will be needed to accelerate improvements to local roads that would otherwise not be necessary in the near- to mid-term if distance pricing were introduced on the Greenway. Having a graduated toll structure along the Greenway’s entire length will encourage greater use of the Greenway and put the traffic where it is best served. Therefore, the scope of the Task Force needs to be expanded to examine the feasibility and cost of implementing a distance toll concept. The Board understands that, ultimately, such a change may require action from the Commonwealth’s General Assembly. The Task Force, therefore, should take this opportunity to lay the groundwork for any actions necessary at the State level.

The second issue of concern is the composition of the DGUI Task Force’s membership. While the Board of Supervisors appreciates the appointment of the County Administrator, Tim Hemstreet, and representatives from Congressman Wolf’s Office to the Task Force, it does not include any community or elected Local and/or State Representatives who could offer a user

Letter from Board of Supervisors, dated 07/06/2011

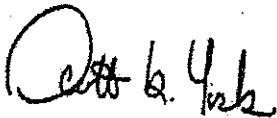
RE: DGUI Task Force

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perspective. This oversight should be corrected to have the broadest prospective and dialog on the issues and to achieve an outcome that will benefit the citizens of Loudoun County.

The Board of Supervisors looks forward to working with the DGUI Task Force and is hopeful that the recommended changes will be favorably accepted by Secretary Connaughton, and implemented prior to its initiation. Please advise me otherwise, along with what, if anything, the Board can do to better advocate its position on the recommended changes to the DGUI Task Force.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Scott K. York". The signature is stylized with a large, circular initial "S" and a trailing flourish.

Scott K. York

Chairman – Loudoun County Board of Supervisors

cc BOS Members  
Secretary Connaughton  
Tim Hemstreet



# AshburnPatch

GOVERNMENT

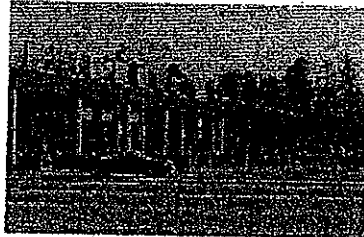
## Greenway Distance Tolling Unlikely Soon

TRIP II/Macquarie resist changes to fare collection, cite cost of infrastructure for 'gamble.'

By Dusty Smith January 22, 2011

Despite a recent push, any change to match toll rates to the distance traveled along the Dulles Greenway is unlikely to occur in the near future. And existing maximum toll rates could rise as early as 2013.

The Greenway (<http://dullesgreenway.com/>) is a fairly common and rather easy political punching bag. The owners are headquartered outside the United States, the tolls



([http://www.dullesgreenway.com/toll\\_rates.shtml](http://www.dullesgreenway.com/toll_rates.shtml)) are the highest in the region, profits are legally protected by the state and public recourse is to an unelected entity.

Congressman Frank R. Wolf (R-10) calls the tolls — \$4.50 for a two-axle vehicle at the main toll plaza during rush hour, plus 75¢ for the Dulles Toll Road — “highway robbery.” Local officials often deride the rates, while state legislators appear unable to find a suitable solution.

Time and again, after owners of the private road take a public shellacking over proposed toll hikes. Yet, the tolls go up and life goes on — making the punching bag seem more like one of those blow-up boxing toys that keeps standing back up on its own.

No one complains that a private entity built the road—which slices through Ashburn and connects the Dulles Toll Road and Dulles Airport to Leesburg. The concerns arise solely from the cost to use it. The state authorized the privately maintained road in the early 1990s and it opened in 1995. The Virginia State Corporation Commission must approve any toll increases, but have indicated state law essentially prevents them from denying Greenway owners a profit.

From the perspective of the current Greenway owners — Australia-based Macquarie Group purchased the concession for the road in 2005 and 2006 — critics ignore the actual costs of paying for and operating the road. The owners rely solely on toll revenue to pay off bonds used to finance it, and a sluggish economy has taken its toll on that income, according to Tom Sines, the CEO for Toll Road Investors Partnership II — or TRIP II, the Macquarie subsidiary that operates the road.

“We have to have the revenue to make the bonds payments,” Sines said.

Del. Thomas A. “Tag” Greason (R-32) and Loudoun County Chairman Scott K. York (I-At Large) have publicly pushed for distance pricing on the Greenway. While tolls are lower at exits west of the main toll plaza, westbound traffic traveling through the main plaza must pay the same amount regardless of where they exit. Similarly, eastbound traffic that enters the road at Rt. 606 pays the same toll at the main plaza as traffic entering at Leesburg.

Instituting distance pricing or zone pricing would equate the amount of the toll to the length of the trip.

“But they refused to do so,” York said during Jan. 19 county board meeting.

Greason met with Sines to push the idea last fall, touting progress on the discussions, but Sines said little can be done currently. Toll revenue is already down, and making a change to “distance pricing” could cut into those profits even more and cause additional maintenance needs.

Whether distance pricing would help, or work at all, will likely not be known soon unless the state ponies up some of the costs.

“We didn’t do a full-blown study,” Sines said, adding that the new tolling equipment alone would cost \$6.5 million. “There is a risk in that it would not increase revenue and the company would be out \$6.5 million that I would have to explain to the bond holders. It’s just a gamble.”

The poor economy, increased teleworking and carpooling have all made impacts, Sines said.

“At this point, there’s nothing we can do until the economy gives us some assurance that revenue would increase,” he said. “There’s just not the traffic out there to capture.”

That’s why Greason and others think distance pricing would help—the hope that lower rates would result in an exponential growth in traffic and, therefore, higher toll revenue.

Some businesses acknowledge avoiding such expensive roads, and not just because of the economic downturn, perhaps hinting that traffic could potentially increase at lower rates.

A spokesman for UPS said, "We spoke with our local management team and found that, in some instances, we do avoid toll roads because of costs. We're always looking for the most convenient and cost-efficient options to deliver packages."

Tolls for trucks are as high as \$15.75 — for six axles — at the main toll plaza during rush hour, plus \$1.75 for the Dulles Toll Road.

Christine Windle, of the Dulles Area Association of Realtors, said high tolls impact commercial and residential real estate business because buyers try to avoid properties near such an expensive toll.

"People avoid the Greenway," Windle said, citing the high tolls as the reason. "It's hard to quantify it."

Lower tolls and higher traffic doesn't necessarily improve the equation, Sines said.

"Increased traffic means increased maintenance, especially truck traffic," Sines said.

Plus, those currently using the road because of its relative lack of congestion could be lost if traffic grows significantly, he said.

Sines said the Greenway owners would need financial assistance from the state to make the switch to distance pricing, but there does not appear to be a legislative move to do so.

"We don't have enough data to take that gamble," he said, adding that he remains open to if the state offers assistance.

Del. Jim LeMunyon (R-67) offered a bill in the General Assembly this year that would require all localities to approve toll increases along the Greenway and the Dulles Toll Road, but concerns were raised that such a system could result in projects defaulting on the bonds that fund them. In addition, since tolls from the Dulles Toll Road pay for the Metro rail project, blocking a toll increase aimed at debt relief could jeopardize that project's funding, according to Loudoun's legislative staff.

Supervisors said they believed state legislators were attempting to pass the responsibility for toll hikes down to local elected leaders.

The county's legislative advisors warned that the law could violate existing legal agreements and that it may be difficult to apply against the private Greenway owner or the quasi-governmental Metropolitan Washington Airports Authority, which controls the Dulles Toll Road.

Supervisor Eugene Delgaudio (R-Sterling), who has been a vocal opponent of the Metro extension project, said supervisors should embrace the opportunity to be able to block toll hikes.

"Why we wouldn't be supporting this is beyond my comprehension," said Supervisor Eugene Delgaudio (R-Sterling), adding that it would give supervisors an opportunity to block toll hikes.

But Supervisor Jim Burton (I-Blue Ridge) said the bill could do more harm than good.

"This bill is designed simply to cause trouble and to put on local governments the backlash from any fare increases that may be used to fund rail," he said.

Supervisor Stevens Miller (D-Dulles) was more blunt: "This is one of the worst thought-out pieces of legislation ever."

Supervisor Lori Waters took Delgaudio's side, saying it would give the public a better way to block toll increases they believe are unfair.

"The public doesn't have a proper avenue to express their opinion over the toll increases," she said, referring to the fact that residents do not have the option to vote SCC commissioners out of office.

York said state legislators should instead focus on distance pricing, even if it means helping to pay for a study or infrastructure.

"If he really want to do some good, work on incremental tolling on the Greenway," he said.

Supervisors voted 7-1-1 to oppose LeMunyon's bill, with Delgaudio opposing and Waters abstaining.

Sines said many people don't fully understand the expenses the owner must pay to keep up the road, including taxes that are not applied to other major roads open for public use.

"We are the only toll road in the state of Virginia that pays real estate taxes," Sines said.

Sines responded to potential changes in state law that could impact the agreement with Greenway owners after Rep. Wolf suggested legislators had that simple option.

"I would think the bondholders would be very upset at that," Sines said. "It would throw us into default. I'm not sure Congressman Wolf understands how we're funded."

Sines also responded to common criticism that an Australian firm owns the Greenway, saying the bonds were sold in the United State by entities that "are all American institutions."

"The owners should take offense" at such criticism, he said. "They invested money in this infrastructure."

And in the end, Macquarie won't own the road. After the 50-year concession ends in 2056, the road reverts back to state ownership at no cost, according to the existing agreement. That means profit is the company's only incentive to operate the road, which few would deny is maintained better than most in the region.

According to Macquarie's Web site (<http://www.macquarie.com/mgl/com/mqa/asset-portfolio/dulles-greenway>), the formula for determining permissible profits is as follows: "From 2013 through to 2020 tolls can escalate annually at the highest of (i) CPI + 1% (ii) Real GDP, or (iii) 2.8% per annum."

The most recent financial report posted on Macquarie's Web site, from December 2009, shows that the Dulles Greenway's assets were valued at about \$554 million, while liabilities totaled more than \$991 million.

Sines and Greason both said they would continue to work together, and Sines indicated that circumstances could change when the economy improves.

"I am still confident that we will continue to make progress with Tom Sines and his team on distance pricing," Greason said. "I believe that distance, or zone, pricing will help local businesses and the community at large."

Sines confirmed the line of communication remains open: "We continue to talk and we continue to explore areas of mutual concern."

But for now, don't expect any changes to the toll rates.

Interested in a follow-up to this article?



SEE NEXT IN GOVERNMENT

Divided Board To Advertise \$1.33 Tax Rate

#### COMMENTS (3)

Surfly Girly

11:33am on Sunday, January 23, 2011

I love it.

Keep the tolls high, and commuters won't move here. If commuters won't move here, there's less demand for housing. Less demand for housing means less development.

Keep Loudoun Green.

TruthSeekerVA

11:38am on Monday, January 24, 2011

Interesting that Waters and Delgaudio are for blocking toll increases. While this may help them politically, it seems to be against the Republican ideals of keeping government out of the business of private companies. And we do have a choice to take the road and pay the price or take congested Route 7. And we must remember if the original private company didn't build this road, it wouldn't be there and Route 7 would be even more of a disaster. The state was not going to pony up the money to get the Greenway built.

Surfly Girly

12:16pm on Monday, January 24, 2011

Bingo. What Waters and Delgaudio are proposing is "interference with free enterprise." Tsk-tsk!